SB 1440 IMPLEMENTATION

12/06/2019 Workshop

What Does "Cost-Effectiveness" for SLCP/GHG Reductions Mean?

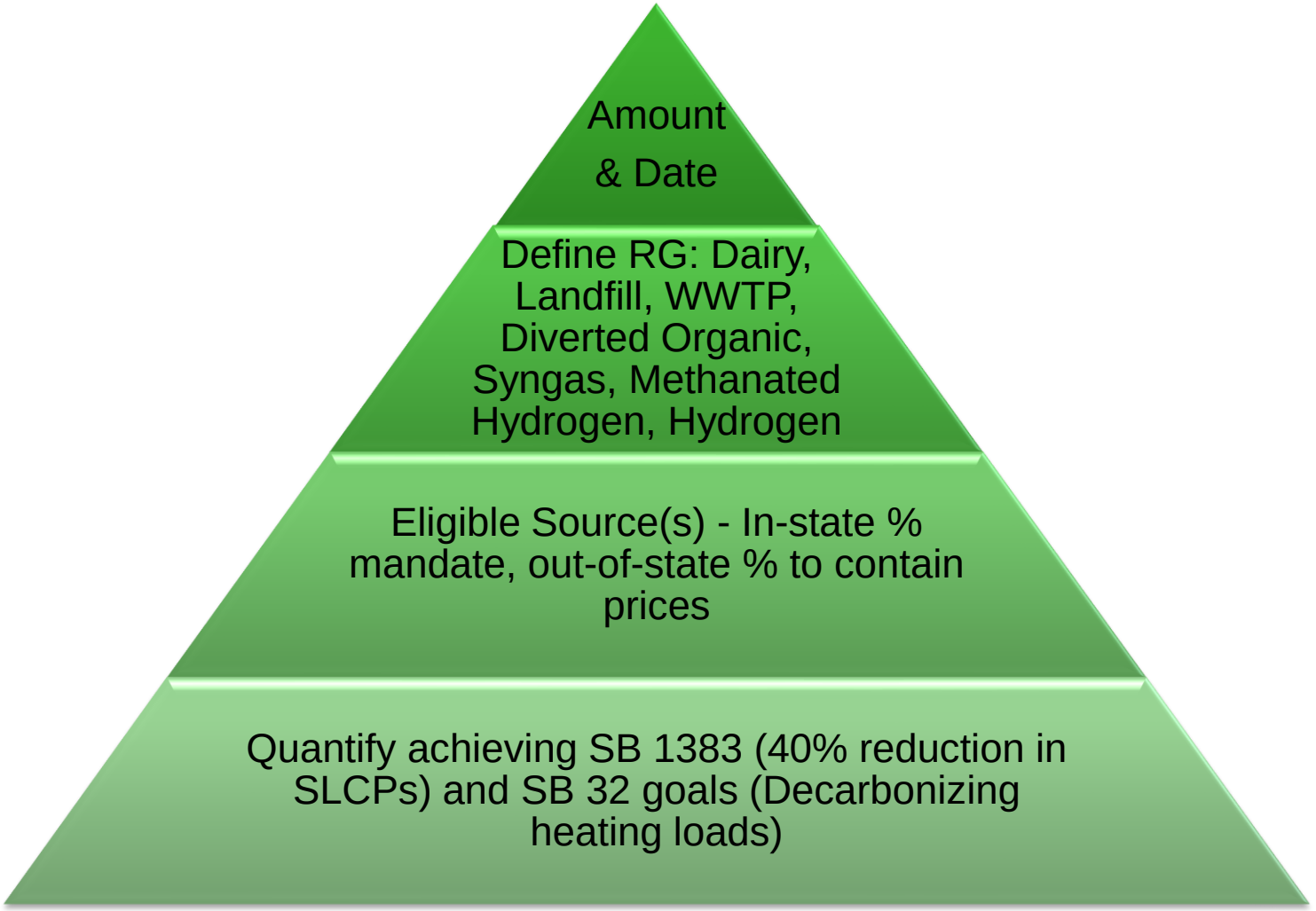
- Cost-effectiveness is a relative measure

- Under AB 32, cost-effectiveness means the relative cost per metric ton of various GHG reduction strategies, which is the traditional cost metric associated with emission control $25/MT (2017 Scoping Plan table 10)
- Social Cost of Methane $1200/MT (2019 IWG)
- Leak Abatement Best Practices $26 to $981/MT
- 2016 LAO Report showing estimated average cost per ton of reduction for various AB 32 measures from $4 to $725/MT

Potential Drivers of "Cost-Effectiveness" for SLCP/GHG Reductions

- Variability in project costs that impact RNG cost
  - Existing/Expanded Projects vs New Projects
  - Proximity to existing pipeline network
- What level of CO2e emissions reduced (Carbon Intensity pathways)
- Biomethane exemption from Cap-and-Trade compliance will provide added benefits and increase cost-effectiveness over time
- Adopting state policies (e.g. procurement goals) to promote biogas from organic waste would provide a strong durable market signal to industry, agencies, and investors. (2017 SLCP Reduction Plan)

Goal Development



Other Items for Consideration